

equal to \$10.00 per pig multiplied by the number of pigs Finisher would have been obligated to purchase throughout the remainder of this Agreement.

6. Close-Out Reports. Finisher shall complete close-out reports ("Close-Out Reports") for all groups of swine purchased and sold under the Pig.Net Alliance, utilizing forms provided by Cargill, and Finisher shall forward the completed Close-Out Reports to Cargill within ten (10) days of the date Finisher markets the last pig in that group. Finisher understands and acknowledges that modifications to the Pig.Net Base Matrix and any Facility-Specific Matrix is dependent on members of the Pig.Net Alliance providing Cargill with accurate and complete Close-Out Reports. Finisher agrees to use best efforts to complete Close-Out Reports in a complete and timely manner, and Finisher acknowledges that failure to do so shall be deemed a material breach of this Agreement.

7. Modification to Pig.Net Pricing Matrix. The Pig.Net Base Matrix is a proprietary formula of Cargill and is subject to change if the projections are shown to be incorrect on a Pig.Net Alliance-wide basis. For instance, if transportation costs significantly increase, The Pig.Net Base Matrix may be modified to reflect a higher projected transportation cost. Similarly, if veterinary/medical costs increase because of widespread health problems, the Pig.Net Base Matrix may be modified to reflect the higher costs. In addition, the interest rate may change weekly, based on the prime rate as reported by the Wall Street Journal under the heading "Money Rates."

In addition, if Close-Out Reports related to Farrower's pigs reflect that Farrower's weaner pigs perform differently than Pig.Net projections on feed conversion, average daily gain, death/cull losses, medical costs, pig market weight, market hog weight, or payment cutout premiums, Cargill may create a Facility-Specific Matrix that determines weaner pig prices based on projections that are specific to Farrower's pigs. Cargill may modify the Facility-Specific Matrix periodically, if Close-Out Reports from the top ½ of all Pig.Net Alliance members who are purchasing from Farrower shows that assumptions or projections utilized in creating the Facility-Specific Matrix are inaccurate. Cargill shall provide Finisher with at least thirty (30) days written notice of intent to change The Pig.Net Base Matrix or to impose or modify a Facility-Specific Matrix that impacts Finisher.

8. Floor/Ceiling for Price. In the event that the sale price for weaner pigs as determined by The Pig.Net Base Matrix is less than \$25.00 per head, the sale price shall be \$25.00 per head. In the event that the sale price as determined by The Pig.Net Base Matrix, is greater than \$40.00 per head, the sale price shall be \$40.00 per head. If a Facility-Specific Matrix has been imposed, and the sale price that would have been determined by The Pig.Net Base Matrix is less than \$25.00 per head, the sale price shall be the price determined by the Facility-Specific Matrix, plus the difference between \$25.00 per head and The Pig.Net Base Matrix Price. Similarly, if a Facility-Specific Matrix has been imposed, and the sale price that would have been determined